

APPENDIX E

STATUS OF IMPROPER PAYMENTS: IPIA REPORTING DETAILS

Item I. - Describe your agency's risk assessment(s), performed subsequent to compiling your full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on OMB guidance thresholds) identified through your risk assessments. Be sure to include the programs previously identified in the former Section 57 of OMB Circular A-11.

Based on department-wide risk assessments comprised of Independent Audit Reports, Internal Control Reviews, Inspector General Reviews, and Recovery Audit Activities, the Department of Justice (DOJ) has determined there are no significant risk programs in which improper payments exceed both 2.5% of program payments and \$10 million.

Item II. Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.

The DOJ has determined there are no significant risk programs in which improper payments exceed both 2.5% of program payments and \$10 million; therefore, statistical sampling is not required.

Item III. Explain the corrective actions your agency plans to implement to reduce the estimated rate of improper payments. Include in this discussion what is seen as the cause(s) of errors and the corresponding steps necessary to prevent future occurrences. If efforts are already underway, and/or have been ongoing for some length of time, it is appropriate to include that information in this section.

The DOJ has determined there are no significant risk programs in which improper payments exceed both 2.5% of program payments and \$10 million.

Item IV. The table furnished in the questionnaire is not relevant as the DOJ has determined there are no significant risk programs in which improper payments exceed both 2.5% of program payments and \$10 million.

Item V. Discuss your agency's recovery auditing effort, if applicable, including the amount of recoveries expected, the actions taken to recover them, and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences.

The DOJ programs identified for review in FY 2004 had total outlays of \$23,406 million. Our initial Recovery Audit Program included the Offices, Boards and Divisions (OBDs), and the Bureau of Prisons (BOP), representing approximately 44% of the department-wide vendor payments. The total of erroneous payments identified in FY 2004 was \$973,313.98. The total amount recovered in FY 2004 was \$780,041.05. Following the Debt Collection Improvement Act guidelines, actions taken to recover erroneous payments identified included vendor follow-up, dunning notices, and treasury offset. DOJ will continue to track amounts recovered and implement corrective action plans as required.

Department-wide, four components are utilizing the task order with FedSource for recovery audit services. In addition, the Department has developed internal recovery audit programs, which include reports that identify potential erroneous payments that must be researched and system enhancements that identify potential erroneous payments prior to actual payment. Internal control procedures have been developed that define improper payments, provide a methodology for identifying improper payments, establish a tracking system which identifies the cause of the improper payment, and provides procedures for feedback and monitoring. Preventive and detective controls are in place to ensure payments are legal, proper, and correct. The utilization

of the Central Contractor Registration data base to verify current bank account information is underway.

Item VI. Describe the steps the agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.

The Assistant Attorney General for Administration (AAGA) has implemented IPIA and recovery audit activities and developed Department-wide policies and procedures for assessing program risks and actions to reduce erroneous payments.

The AAGA will hold agency managers accountable for reducing and recovering improper payments. In addition, the AAGA encourages and supports proper training for employees involved in all levels of the payment process. Policies and procedures are in place establishing preventive controls to ensure payments are legal, proper, and correct.

Item VII. Describe whether the agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.

The DOJ has the necessary information systems, infrastructure, and diligence from all parties involved in the payment process to reduce improper payments.

Item VIII. A description of any statutory or regulatory barriers which may limit the agencies' corrective actions in reducing improper payments.

The DOJ has not identified any statutory or regulatory barriers which may limit the agencies' corrective actions in reducing improper payments.

Item IX. Additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.

No additional comments at this time.